

***United States Court of Appeals
for the Second Circuit***



**APPELLANT'S
REPLY BRIEF**

ORIGINAL
WITH PROOF
OF SERVICE

B-115
77-7035

United States Court of Appeals

FOR THE SECOND CIRCUIT

STAFLEX COMPANY
THE HARODITE FINISHING COMPANY INC.,
Plaintiffs-Appellants,

—v.—

PELLON CORPORATION,
Defendant-Appellee.

ON APPEAL FROM AN ORDER OF THE UNITED STATES
DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

**REPLY BRIEF ON BEHALF OF
PLAINTIFFS-APPELLANTS STAFLEX COMPANY
THE HARODITE FINISHING COMPANY INC.**

BLUM, MOSCOVITZ, FRIEDMAN & KAPLAN
Attorneys for Plaintiffs-Appellants
730 Third Avenue
New York, New York 10017
(212) 867-2200

JAMES K. SILBERMAN
Of Counsel

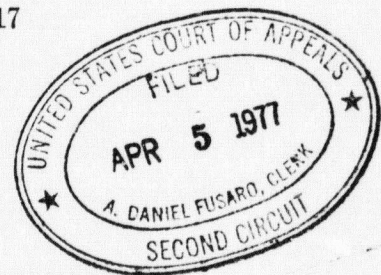


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UNITED STATES COURT OF APPEALS
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-----X

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THE HARODITE FINISHING COMPANY INC.,

Plaintiffs-Appellants,

Docket No. 77-7035

v.

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REPLY BRIEF ON BEHALF OF PLAINTIFFS-APPELLANTS
STAFLEX COMPANY
THE HARODITE FINISHING COMPANY INC.

POINT ONE

FACTS AND CIRCUMSTANCES MUST
BE CONSIDERED IN DECIDING
MOTIONS OF THIS TYPE

An eerie silence surrounds PELLON's (Appellee's) Brief. The cases cited by Appellants and Appellee make clear that absent overriding circumstances the first filed action takes precedence. The main Brief of Appellants STAFLEX and HARODITE reviewed in depth the "overriding circumstances", the factual connection of all parties,

witnesses, manufacturing and laboratory facilities, documents and counsel with New York City and the lack of any connections with Georgia. In Kerotest¹, the Supreme Court approved "an extended and careful study of the circumstances of this litigation"² and yet PELLON's Brief makes no mention of any of such considerations which the courts have held to be paramount in determining how the discretionary stay motion should be decided.

While PELLON had the prerogative to ignore the close contacts of all parties with New York City where "the whole of the war"³ is located, the District Court was not given a like option. Under Kerotest and its progeny, the District Court was charged to evaluate all of the circumstances and, in its discretion, to determine whether sufficient factors existed which justified giving preference to the second filed action. A review of the District Court's brief decision (A-124) amply demonstrates

1. Kerotest Mfg. Co. v. C-0-Two Fire Equipment Co., 342 U.S. 180 (1952)

2. id. at page 184

3. Kerotest Mfg. Co. v. C-0-Two Fire Equipment Co., 189 F.2d 31,34 (3d Cir. 1951)

that no consideration was given to the factors on which the decision should have been based.

Rather than attempt to demonstrate the absence of exceptional circumstances, PELLON reiterates its reason for bringing suit in Georgia ("an open, public challenge" of alleged infringement [PELLON Brief p.3]) but again declines to respond to the challenge that at the time of filing the action PELLON knew:

- 1) that the headquarters of STAFLEX were only twenty blocks from its own offices in New York City; and
- 2) that STAFLEX could have been sued for patent infringement in the Southern District of New York.

PELLON has quoted extensively from Kerotest⁴ in its Brief, pp. 7-8 and would seek to correlate the quoted portion with the facts of the present case. The quotation is directed to one "who is charged with infringing

4. 342 U. S. 180 at 185-186

a patent" and is inapposite. PELLON did not charge STAFLEX with infringing its patent before it raced into Georgia with its Complaint. (A-22). Quite obviously, PELLON consciously avoided the usual infringement notification letter in order to eliminate any possibility of it not being first on file when it attempted to maneuver STAFLEX out of its home jurisdiction and into a remote and inconvenient jurisdiction which might be more charitable to patents.

PELLON is solicitous as to the harm that might be done to STAFLEX in Georgia. Apparently Georgia is not to be considered a burdensome jurisdiction because motions are decided without oral hearing. PELLON ignores the burden to STAFLEX of having its principal personnel in Georgia for a trial, the possible unavailability of witnesses at a trial in Georgia, the costs of having patent counsel whose offices are in New York City present for an extended technical trial in Georgia and the duplicative legal fees of both STAFLEX and PELLON for principal patent counsel in New York City and local counsel in Atlanta, Georgia.

POINT TWO

THE MANUFACTURER OF CHARGED GOODS
WHO OWNS THE EQUIPMENT CAPABLE OF
MAKING THE CHARGED GOODS IS A
REAL PARTY IN INTEREST

All of the foregoing completely ignores the presence of the additional party, HARODITE, in the New York action. That HARODITE has an ownership interest in STAFLEX is not evidence of control and in fact the two companies are direct competitors. (A-88). PELLON's prayer for relief in the Georgia action is nothing more than that, a hope that the Georgia court will grant it some or all of the relief it is requesting. However, PELLON has not cited a single case to legally support its "prayer" that HARODITE would be bound by a decision in Georgia. If PELLON would have HARODITE bound, it must do more than pray.

Knowing full well that HARODITE cannot be made a party to the Georgia action, PELLON suggests that it would have been gentlemenly of HARODITE to submit to the jurisdiction of the Georgia court. Here again, PELLON is praying. HARODITE is a Massachusetts corporation (A-3) with manufacturing facilities in Massachusetts (A-26). It maintains an office in New York City (A-26). Other than

a salesman who works out of his home (A-27), HARODITE has no personnel, documents, testing facilities or contacts that would suggest any rational basis for subjecting itself to the jurisdiction of the Georgia court. However, PELLON's suggestion that HARODITE should have voluntarily come into Georgia is an acknowledgment that HARODITE is a necessary party for a complete disposition of the issues.

Finally, PELLON attempts to discount the manufacturer-customer relationship between HARODITE and STAFLEX in order to avoid the myriad of decisions in this and other districts that held the "customer action" to be an exception to the first filed action. The fact that HARODITE has an interest in STAFLEX and that STAFLEX requested that HARODITE produce goods of the general type in issue, does not change the fact that HARODITE is the manufacturer who owns the screens which produce the allegedly infringing goods (A-47) and PELLON must take discovery of HARODITE as to the technical issues that will necessarily arise in a patent infringement action. The decisions of the Southern District Court in Delamere Company v. Taylor-Bell Co.⁵,

5. 199 F. Supp. 55 (S.D.N.Y. 1961)

Sybil Ives, Inc. v. Helene Curtis Industries, Inc.⁶ and William Gluckin & Co. v. International Playtex Corp.⁷ are directly in point. No new law is required for the decision of this appeal, only an analysis of pertinent factors similar to the analysis performed by this Court in William Gluckin & Co. v. International Playtex Corp., supra. Joseph Bancroft & Sons Co. v. Spunize Co. of America⁸ was a case of different issues in different forums and this Court determined that both cases should be allowed to proceed. Consider the waste if Joseph Bancroft, supra. were applied here as suggested by PELLON!

CONCLUSIONS

Having shopped for a "favorable" forum to try a patent case rather than a forum closely connected with all of the parties, PELLON has placed itself in the position of having to justify the Georgia forum, while every known

6. 249 F. Supp. 865 (S.D.N.Y. 1965)

7. 407 F.2d 177 (2d Cir. 1969)

8. 268 F.2d 522 (2d Cir. 1959)

factor except its first filed status points away from Georgia. As the factors pointing away from Georgia are overwhelming, PELLON has declined to discuss any of the factors but, instead, relies on the experience of the learned District Judge as evidence that his decision could not have been an abuse of discretion. This appeal was due, in the view of Appellants, to the District Court's failure to perform the factual analysis mandated on motions of this type.

It is requested that the District Court be reversed and the case remanded with instructions to stay PELLON from further prosecution of the Georgia action until a final determination of this action.

Respectfully submitted,

BLUM, MOSCOVITZ, FRIEDMAN & KAPLAN
Attorneys for Plaintiffs-Appellants

James K. Silberman
Of Counsel

STATE OF NEW YORK)
COUNTY OF NEW YORK) ss .

ALLAN G. HAYES, being duly sworn,
deposes and says that deponent is not a party to the action,
is over 18 years of age and resides at 162 NAVY WALK
BROOKLYN, N.Y.

That on the 5 day of APRIL, 1977,
deponent personally served the within REPLY BRIEF ON BEHALF OF
PLAINTIFFS APPELLANTS STAFLEX CO. THE HARODITE FINISHING CO. INC.
upon the attorneys designated below who represent the
indicated parties in this action and at the addresses below
stated which are those that have been designated by said
attorneys for that purpose.

By leaving 2 true copies of same with a duly
authorized person at their designated office.

~~By depositing true copies of same enclosed~~
in a postpaid properly addressed wrapper, in the post office
or official depository under the exclusive care and custody
of the United States post office department within the State
of New York.

Names of attorneys served, together with the names
of the clients represented and the attorneys' designated
addresses.

DINKLAGE + SPRUNG
ATTORNEYS FOR DEFENDANT-APPELLEE
600 THIRD AVE.
NEW YORK, N.Y. 10016

Allan G. Hayes

Sworn to before me this

5th day of April, 1977
Michael DeSantis

MICHAEL DeSANTIS
Notary Public, State of New York
No. 03-0930908
Qualified in Queens County
Commission Expires March 30, 1979

Counsel Press, 55 West 42nd Street, PE 6-8460